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## Nonprofit Sales or Use Tax-exempt Organizations Exemption Certificate Update

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Sales &  
Use tax  
notice  
#03-21

The department has completed a periodic review of all registered nonprofit entities to determine their continued eligibility for sales and use tax exemption certifications.

As a result of this review process, all eligible in-state nonprofit entities have received a new sales and use tax exemption certificate with an effective date of July 1, 2003. **Beginning July 1, 2003, taxpayers who do not have a new exemption certificate will be required to remit sales and use tax on all purchases of tangible personal property or taxable services.**

Beginning July 1, 2003, dealers and suppliers making sales of tangible personal property and taxable services to in-state nonprofit purchasers will be required to maintain a copy of an exemption certificate dated on or after July 1, 2003, as verification of the tax-free status of such sales.

For audit purposes, copies of exemption certificates with an effective date prior to July, 1, 2003, must be maintained as verification of the tax-free status of all sales

made to in-state nonprofit entities prior to July 1, 2003.

Tenn. Code Ann. Section 67-6-322(e) provides that Tennessee dealers and suppliers may accept a current and valid copy of an out-of-state entity's 501(c)(3) exemption certification in lieu of a Tennessee exemption certificate. Dealers and suppliers are required to maintain copies of valid 501(c)(3) exemption certificates as verification of the tax-free status of all sales made to out-of-state nonprofit entities.

All sales for which an exemption has been claimed which are not supported by exemption certificates will be deemed retail sales, and the dealer or supplier will be held liable for any sale or use tax due.

If you have any questions concerning this change, please contact the Department of Revenue, Taxpayer Services Division, at (615) 253-0600 or, within Tennessee only, at (800) 342-1003.

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